

# Central BiH region REZ Agency

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# Central BiH Region

- ◆ Area: 5367.8 km<sup>2</sup>
- ◆ Population: 578,250
- ◆ Climate: European Continental
- ◆ Natural Resources: coal, iron ore, stone, lime-stone, dolomite, forests, water.
- ◆ GDP – per capita: 1.487 €
- ◆ Industry: metal, mines, automotive, textile, wood, mineral water



# Where are we?



# SMEs

## European aspect

- ◆ 23 million SMEs in European Union
- ◆ 80 % of employment
- ◆ 75 million jobs
- ◆ Advantages of SMEs

# BiH History of economy

- ◆ Large state owned companies
- ◆ Planed economy
- ◆ Exporting at large amounts to third countries
- ◆ Base of ex Yugoslavia heavy industry
- ◆ Destroyed in recent history

# BiH present and future economy

- ◆ Economic regions
- ◆ 60 000 MSMEs
- ◆ Main sectors:
  - ◆ Trade
  - ◆ Services
  - ◆ Production

# Regional development

- ◆ **5 Economic regions**
- ◆ **5 Agencies**
- ◆ **Regions based on economic indicators**
- ◆ **Process supported by EU through EU RED project**

# REZ Agency

- ◆ **REZ Agency – Regional development agency for CBiH**
- ◆ **Established on 24<sup>th</sup> February 2004**
  - **Founders:**
    - ◆ 16 municipalities and 2 Canton
    - ◆ CHF International
    - ◆ LIDER MKO
    - ◆ 15 Business associations:
      - more then 2.500 members – SMEs
      - over 17.000 employees
      - agricultural associations are incorporated
- ◆ **Registered on 10<sup>th</sup> May 2004 as Ltd – (d.o.o.)**

# REZ Agency

## ◆ **Mission**

- **REZ is a Regional Development Agency for Central BiH Region that creates a clear vision for the region and streamlines more favourable entrepreneurial environment, develops human resources, promotes possibilities of the region and attracts the investments and financial**

## ◆ **Vision**

- **REZ Agency will develop Central BiH Region in modern European region**

## ◆ **5 Strategic goals of REZ Agency:**

- ***Economy – Entrepreneurship - SMEs***
- ***Human Resource Development - Employment***
- ***Agriculture and rural development***
- ***Regional development infrastructure***
- ***Tourism***

- ◆ ***REZ agency has had implemented and is implementing numerous projects financed by various domestic and international donors***

# SME Sector

- ◆ **SMEs with highest potential for development and export:**
  - **Wood processing industry sector**
  - **Metal processing industry sector**
  - **Agriculture and food industry**
  - **Textile and footwear industry**

# SME Sector

**Wood processing industry sector**

# Wood processing

## -Overview-

- ◆ Establishment of privately-owned companies since 1990s
- ◆ 1500 companies today
- ◆ Quality Management System (QMS) according to ISO 9001 requirements
- ◆ Environmental management ISO14001:1996/2004
- ◆ CE marking
- ◆ 60 % of wood sector production is exported
- ◆ increased export of final products
- ◆ export of BiH furniture increased by 28,6 % in 2006
- ◆ In 2006 wood industry export accounted € 350 million (20% of total exports)

# Wood processing -Strengths-

- ◆ **Competitive price of manpower**
- ◆ **Long tradition in forestry and wood processing**
- ◆ **Good education and skill of workers in classic production**
- ◆ **Great production capacities installed**
- ◆ **Huge forested areas**
- ◆ **Demands in increase on local market**
- ◆ **Outstanding natural resources**
- ◆ **Favorable production costs**
- ◆ **Diverse market, opportunity for fast delivery**
- ◆ **High-quality natural forests**
- ◆ **Large number of SME in wood sector**
- ◆ **Wood cluster**

# Wood processing -Weaknesses-

- ◆ **Weak technical equipment**
- ◆ **Lack of knowledge in work with CNC machines**
- ◆ **Lack of financial support**
- ◆ **Huge export of raw materials half-products**
- ◆ **Small level of investment in production**

# SME Sector

**Metal processing industry sector**



# Metal processing

## -Overview-

- ◆ **main industrial sector in the area of Central BH before the war**
- ◆ **important aluminum and steel processing industry**
- ◆ **130 companies: 80% small, 15% medium and 5% large enterprises**
- ◆ **strongly export-oriented sector**
- ◆ **share of export from metal processing industry 22% of total export**
- ◆ **Automotive industry - one of the most attractive sectors in the country with a progressive growth in the last few years.**
- ◆ **Automotive Cluster in BiH consists of 23 successful companies from BiH, as well as some governmental institutions**

# Metal processing -Strengths-

- ◆ **Competitive price of manpower**
- ◆ **Already built industrial infrastructure**
- ◆ **Existing mineral mains**
- ◆ **Tradition in that branch**
- ◆ **Qualified manpower**
- ◆ **Successful privatization**

# Metal processing -Weaknesses-

- ◆ **Oversized capacity for existing market**
- ◆ **Slow following development in technologies**
- ◆ **Need for training, education and prequalification of workers to be able to use modern machines and technologies.**
- ◆ **Lack of financial support**

# SME Sector

**Agriculture and food industry**



# Agriculture and food processing

## -Overview-

- ◆ **Huge potential in agriculture and food processing sector due to a number of favorable conditions such as:**
  - Over 1.5 million hectares of agricultural land
  - Excellent climatic conditions as well as fertile soil and high quality water
  - Majority of the land is free from chemical fertilizers and the routine use of pesticides.
- ◆ **Over 14 million trees producing plums, pears, apples and other fruits, for export and fruit-juice production**
- ◆ **Suitable conditions for growing vegetables and fruits (seasonal and non-seasonal)**
- ◆ **Potential of organic production and pure water supplies**
- ◆ **Potential in livestock farming**
- ◆ **Wine production**
- ◆ **Tobacco farming**
- ◆ **Cultivation of aromatic herbs**
- ◆ **High-quality medicinal herbs used in pharmaceutical and cosmetic industries**

# Agriculture and food processing

## -Strengths-

- ◆ **Competitive price of manpower**
- ◆ **Different conditions for growing vegetables and fruits**
- ◆ **Good quality of following products: early and industrial potatoes, out season vegetables, strawberries, blackberries, red berries milk and dairy products.**
- ◆ **Existence of conditions for organic production**
- ◆ **Great interest of local population and authorities for agricultural production (stimulation actions/incentives)**
- ◆ **Demands of processing industry in increase**
- ◆ **Increased demands of customers for local products on local market**
- ◆ **Human recourses**
- ◆ **Climatic conditions**
- ◆ **Geographical locations**
- ◆ **Existence many agricultural associations and cooperatives**

# **Agriculture and food processing**

## **-Weaknesses-**

- ◆ **Low market orientation**
- ◆ **Lack of financial resources**
- ◆ **Difficult access to the new technologies**
- ◆ **Insufficient cooperation between producers**
- ◆ **Low level of education of individual agricultural producers**
- ◆ **Weak or badly organized technical support of agricultural expert services**
- ◆ **Inadequate financial resources for Agricultural manufacturers**

# SME Sector

**Textile and footwear industry**

# Textile and footwear industry

## -Overview-

- ◆ Long tradition and a good international reputation in textiles, clothing and footwear industry
- ◆ Progress in modernizing production units and introducing new technologies aimed to become part of the global market
- ◆ Possibility to move modern equipment from Western European mills into those located in Bosnia and Herzegovina
- ◆ Domestic enterprises are mainly dealing with „lohn-business“
- ◆ Presence of the human work is still very high (1 machine 1 worker)
- ◆ The most of workers are women
- ◆ In 2006, textile and footwear industry exports accounted for € 180 million
- ◆ In 2007 export in this sector was increased for 22%

# Textile and footwear industry

## -Strengths-

- ◆ Long lasting tradition
- ◆ Decrease of “lohn” businesses and creating of own collections
- ◆ Following of fashion trends
- ◆ Skilled labor force
- ◆ Preserved production plant
- ◆ Significant share in the country's gross domestic product
- ◆ Employs a great number of worker
- ◆ Numerous qualified workers from former state owned companies

# **Textile and footwear industry -Weaknesses-**

- ◆ **Shortage of working capital**
- ◆ **Engagement on lohn jobs only**
- ◆ **Uncontrolled import of goods from the Eastern Europe and Far East countries**
- ◆ **High percentage of human work**
- ◆ **Low accumulative economy brunch**

**For more information please visit:**

**[www.rez.ba](http://www.rez.ba)**

**THANK YOU**

